

calculate deal cost per product by adjusting the average deal cost to reflect complexity differences between products; and

provide various management reports to track operating expenses by different categories.

46. (once amended) A computer program embodied on a computer readable medium for allocating operating expenses to facilitate strategic decision making process, comprising:

a code segment that receives business information relating to at least one deal, a deal is a business transaction involving at least one product including at least one of a loan, a lease, a common equity, and a preferred equity;

a code segment that allocates operating expenses to a business unit's processes based on the received business information;

a code segment that computes an average deal cost;

a code segment that calculates deal cost per product by adjusting the average deal cost to reflect complexity differences between products since each product tends to have a different level of complexity that drives different processes and costs; and

a code segment that provides various management reports to track operating expenses by different categories to facilitate strategic decision making process and improve operational productivity.

### **Remarks**

The Office Action mailed February 25, 2003 has been carefully reviewed and the foregoing amendment has been made in consequence thereof. Submitted herewith is a Submission of Marked Up Paragraphs and Claims and a Request for Approval of Drawing Changes. In anticipation of the Request For Approval of Drawing Changes, also submitted herewith are formal drawings incorporating the requested changes.

In accordance with 37 C.F.R. 1.136(a), a one-month extension of time is submitted herewith to extend the due date of the response to the Office Action dated February 25, 2003 for the above-identified patent application from May 25, 2003 through and including June 25, 2003. In accordance with 37 C.F.R. 1.17(a)(2), authorization to charge a deposit account in the amount of \$110.00 to cover this extension of time request also is submitted herewith.

Claims 1-3, 5-21, 23-56 are pending in this application. Claims 1-56 stand rejected. Claims 4 and 22 have been cancelled.

The objection to the drawings is respectfully traversed. More specifically, with respect to the calculation of "Average Unit Cost" for "# of DAM Held" shown in Figure 5, Figure 5 has been amended to correct a typographical/calculation error. In this case, the "Average Unit Cost" equals "Weighted Cost/Process" (\$1,902,547) divided by "Total" (80). Figure 6 has also been amended to address certain issues relating to number rounding. Additionally, Figures 3, 7, 8, 9, 10 and 11 have been amended to correct certain typographical errors. The specification has also been amended to reflect the changes made to the Figures. No new matter has been added.

The objection to the specification because of minor informalities is respectfully traversed. However, in an effort to expedite the prosecution of the present application, Applicant has amended the specification. Accordingly, Applicant respectfully requests that the objection to the specification of the application be withdrawn.

The rejection of Claims 10, 28, 38, 39, and 50 under 35 U.S.C. § 112, first paragraph, is respectfully traversed. Applicant respectfully submits that the specification meets the requirements of Section 112, first paragraph. The specification has been amended by inserting a paragraph at page 5, line 13. Support for this paragraph can be found within Claims 10, 28, 38, 39, and 50. Applicant therefore respectfully submits that the specification, including the Figures, would enable one skilled in the art to make and/or use the invention as described in the present patent application. Accordingly, Applicant respectfully requests that the rejection of Claims 10, 28, 38, 39, and 50 under Section 112, first paragraph, be withdrawn.

The rejection of Claims 14, 15, 18, and 32-35 under 35 U.S.C. § 112, first paragraph, is respectfully traversed. Applicant respectfully submits that the specification meets the requirements of Section 112, first paragraph. The specification has been amended at page 11, lines 21-24. Applicant therefore respectfully submits that the specification, including the Figures, would enable one skilled in the art to make and/or use the invention as described in the present patent application. Accordingly, Applicant respectfully request that the rejection of Claims 14, 15, 18, and 32-35 under Section 112, first paragraph, be withdrawn.

The rejection of Claims 14, 18, and 32-34 under 35 U.S.C. § 112, first paragraph, is respectfully traversed. Applicant respectfully submits that the specification meets the requirements of Section 112, first paragraph. The Office Action suggests at page 9 that although “the specification states the cost allocation model further determines and displays the Unit Cost per Close Deal, a Total Cost per Close Deal, Total Costs per Close Deals, Total Costs for Dead Deals, Total Costs, Dead Deals as a Percentage of Total Costs, and Hit Rates, the specification does not explain the calculations required to determine these line items nor what constitutes these line items to begin with.” However, Applicant respectfully submits that one skilled in the art would understand each of these line items and would understand how each of these line items is calculated based on the specification and the Figures. Applicant respectfully submits that the specification, including the Figures, would enable one skilled in the art to make and/or use the invention as described in the present patent application.

Furthermore, the specification at page 11, lines 25-30 provides that “Figure 9 is an exemplary embodiment of a ‘T&I Operating Cost for Loans by Process’ report 580...Report 580 further identifies costs by various categories including a Lead Generation category 590, a PIC category 592, a Proposal Issue category 594, an Underwrite category 596, an Approval category 598, and a Close Deal category 600.” In other words, Figure 9 is a report that shows T&I Operating Costs for Loans by Process broken down by various categories. These various categories are also shown in Figure 11. Figure 9 and the specification also describe the relationship between Dead Deals and Close Deals. Applicant respectfully submits that one skilled in the art would understand each of these various categories and would understand how each of these line items is calculated based on the specification and the Figures. Applicant

respectfully submits that the specification, including the Figures, would enable one skilled in the art to make and/or use the invention as described in the present patent application.

The Office Action further suggests at page 10 that the “products listed in the specification include, but not limited to, loan, lease, common equity, and preferred equity” and that “No explanation exists to further define what the product consists of.” However, Applicant respectfully submits that each of these listed products has a definition wherein one skilled in the art would understand each of these listed products such that no further explanation of these products in the specification is needed. Applicant therefore respectfully submits that the specification, including the Figures, would enable one skilled in the art to make and/or use the invention as described in the present patent application.

Accordingly, Applicant respectfully request that the rejection of Claims 14, 18, and 32-34 under Section 112, first paragraph, be withdrawn.

The rejection of Claims 15 and 35 under 35 U.S.C. § 112, first paragraph, is respectfully traversed. Applicant respectfully submits that the specification meets the requirements of Section 112, first paragraph. The Office Action suggests at page 11 that the “specification does not address how to determine average deal unit costs, beginning and ending inventory for active deals, total cost for terminated and closed deals, operation productivity, and product pricing. However, the specification provides, for example, at page 1, line 27 to page 2, line 4 that the “CAMS also determines average deal unit costs, beginning and ending inventory for active deals, and total cost for terminated and closed deals...The output derived from the CAMS is utilized to calculate operational productivity and product pricing and for strategic decision making.” Applicant respectfully submits that one skilled in the art would understand each of these terms, including the term “inventory”, and would understand how each of these terms is calculated based on the specification and the Figures. Applicant respectfully submits that the specification, including the Figures, would enable one skilled in the art to make and/or use the invention as described in the present patent application. Accordingly, Applicant respectfully requests that the rejection of Claims 15 and 35 under Section 112, first paragraph, be withdrawn.

The rejection of Claims 1-3, 6-9, 11, 13, 16, 17, 19-21, 24-27, 29, 30, 36, 37, 40-45, 46-49, 51, 53, 54, 55, and 56 under 35 U.S.C. § 102(b) as being anticipated by Morgan et al. (U.S. Patent No. 5,799,286) (Morgan) is respectfully traversed.

Applicant respectfully submits that Morgan does not describe nor suggest the claimed invention. As discussed below, at least one of the differences between Morgan and the present invention is that Morgan neither describes nor suggests a method for allocating operating expenses to deal activity that includes receiving business information relating to at least one deal wherein a deal is a business transaction involving at least one product including at least one of a loan, a lease, a common equity, and a preferred equity, computing an average deal cost, and calculating deal costs per product by adjusting the average deal cost to reflect complexity differences between products since each product tends to have a different level of complexity that drives different processes and costs.

Morgan describes an automated activity-based management system and method (10). A business organization has costs associated with its employees, facilities, equipment, and overhead to produce products or provide services. Such a business organization typically generates traditional general ledger accounting information (152) and human resources information (150). This traditional accounting information (150, 152, 154) is used along with information directed to activities, equipment usage and facilities utilization to generate costs associated with activities performed by the organization. A computer workstation (40) with a graphical user interface (42) is used to accept entries of activity information (74). The activity information and traditional accounting information are fed to a relational database (12). The information is processed and costs associated with the employee, facilities, equipment, and overhead components (20, 22, 24, 26) of activities are computed. User-definable ad-hoc reports as well as preformatted reports for trending, forecasting, comparison, benchmarking, and budgeting purposes are generated.

Claim 1 recites a method for allocating operating expenses to deal activity using a network-based system including a server system coupled to a centralized database and at least one client system, wherein the method includes “receiving business information relating to at

least one deal, a deal is a business transaction involving at least one product including at least one of a loan, a lease, a common equity, and a preferred equity...allocating operating expenses to a business unit's processes based on the received business information...computing an average deal cost...calculating deal costs per product by adjusting the average deal cost to reflect complexity differences between products since each product tends to have a different level of complexity that drives different processes and costs...and providing various management reports to track operating expenses by different categories to facilitate strategic decision making processes and improve operational productivity.”

Morgan neither describes nor suggests a method for allocating operating expenses to deal activity that includes receiving business information relating to at least one deal wherein a deal is a business transaction involving at least one product including at least one of a loan, a lease, a common equity, and a preferred equity, allocating operating expenses to a business unit's processes based on the received business information, computing an average deal cost, calculating deal costs per product by adjusting the average deal cost to reflect complexity differences between products since each product tends to have a different level of complexity that drives different processes and costs, and providing various management reports to track operating expenses by different categories to facilitate strategic decision making processes and improve operational productivity.

More specifically, Morgan neither describes nor suggests a method for allocating operating expenses to deal activity that includes receiving business information relating to at least one deal wherein a deal is a business transaction involving at least one product including at least one of a loan, a lease, a common equity, and a preferred equity. In fact, the Office Action at page 20 explains that Morgan fails to specifically teach the application of activity-based management in the financial industry. In other words, Morgan neither describes nor teaches receiving business information relating to at least one deal wherein a deal is a business transaction involving at least one product including at least one of a loan, a lease, a common equity, and a preferred equity.

Furthermore, Morgan neither describes nor suggests computing an average deal cost, and calculating deal costs per product by adjusting the average deal cost to reflect complexity differences between products. Rather, Morgan describes an automated activity-based management system that takes traditional accounting information, along with some additional business information provided by the user, and allocates the monetary cost or dollars to the activities performed (col. 4, lines 12-20). For example, Morgan discloses that a “traditional general ledger view of a computer network operation business unit maps the money spent to salaries, hardware, software, maintenance, and space... The activity-based management view maps these same expenditures to activities such as network surveillance, network testing, technical assistance, problem resolution, vendor interaction, and configuration changes...Activity-based management thus provides a more realistic, operational, and meaningful view of how the money was spent” (col., 4, lines 20-28). Morgan does not describe nor teach computing an average deal cost, and calculating deal costs per product by adjusting the average deal cost to reflect complexity differences between products. Accordingly, Applicant respectfully submits that Claim 1 is patentable over Morgan.

For at least the reasons set forth above, Claim 1 is submitted to be patentable over Morgan.

Claims 2-3, 6-9, 11, 13, and 16 depend, directly or indirectly, from independent Claim 1. When the recitations of Claims 2-3, 6-9, 11, 13, and 16 are considered in combination with the recitations of Claim 1, Applicant submits that dependent Claims 2-3, 6-9, 11, 13, and 16 likewise are patentable over Morgan.

Claim 17 recites a method for allocating operating expenses to deal activity based on various data inputs to determine operations productivity, product pricing, and strategic decision making, wherein the method includes “receiving business information relating to at least one deal, a deal is a business transaction involving at least one product including at least one of a loan, a lease, a common equity, and a preferred equity, business information further includes at least one of a Number of Deals for a Specific Financial Reporting Period, Time spent per process as a percentage of Total Year, Deal Activity Segmentation Factors, Operating Expenses by a

Business Unit, and an Average Cycle Time from Qualified Lead to Close in Days by Business Unit by Product Name...allocating operating expenses to a business unit's processes based on the received business information...computing an average deal cost...calculating deal costs per product by adjusting the average deal cost to reflect complexity differences between products since each product tends to have a different level of complexity that drives different processes and costs...and providing various management reports to track operating expenses by different categories to facilitate strategic decision making processes.”

Morgan neither describes nor suggests a method for allocating operating expenses to deal activity as recited in Claim 17. More specifically, Morgan neither describes nor suggests a method for allocating operating expenses to deal activity that includes receiving business information relating to at least one deal wherein a deal is a business transaction involving at least one product including at least one of a loan, a lease, a common equity, and a preferred equity, computing an average deal cost, and calculating deal costs per product by adjusting the average deal cost to reflect complexity differences between products since each product tends to have a different level of complexity that drives different processes and costs.

Rather, Morgan describes an automated activity-based management system that takes traditional accounting information, along with some additional business information provided by the user, and allocates the monetary cost or dollars to the activities performed (col. 4, lines 12-20). As noted in the Office Action, Morgan does not describe nor teach receiving business information relating to at least one deal wherein a deal is a business transaction involving at least one product including at least one of a loan, a lease, a common equity, and a preferred equity. Furthermore, Morgan neither describes nor teaches computing an average deal cost, and calculating deal costs per product by adjusting the average deal cost to reflect complexity differences between products. Accordingly, Applicant respectfully submits that Claim 17 is patentable over Morgan.

For at least the reasons set forth above, Claim 17 is submitted to be patentable over Morgan.

Claim 19 recites a web-based system for allocating operating expenses utilizing a cost allocation model that includes a client system having a browser, a data storage device for storing information, and a server system configured to “receive business information relating to at least one deal, a deal is a business transaction involving at least one product including at least one of a loan, a lease, a common equity, and a preferred equity...allocate operating expenses to a business unit’s processes based on the received business information...compute an average deal cost...calculate deal cost per product by adjusting the average deal cost to reflect complexity differences between products...and provide various management reports to track operating expenses by different categories.”

Morgan neither describes nor suggests a web-based system for allocating operating expenses as recited in Claim 19. More specifically, Morgan neither describes nor suggests a web-based system for allocating operating expenses that includes a server system configured to receive business information relating to at least one deal wherein a deal is a business transaction involving at least one product including at least one of a loan, a lease, a common equity, and a preferred equity, compute an average deal cost, and calculate deal cost per product by adjusting the average deal cost to reflect complexity differences between products.

Rather, Morgan describes an automated activity-based management system that takes traditional accounting information, along with some additional business information provided by the user, and allocates the monetary cost or dollars to the activities performed (col. 4, lines 12-20). Morgan does not describe nor teach a server system configured to receive business information relating to at least one deal wherein a deal is a business transaction involving at least one product including at least one of a loan, a lease, a common equity, and a preferred equity. Furthermore, Morgan neither describes nor teaches a server system configured to compute an average deal cost, and calculate deal cost per product by adjusting the average deal cost to reflect complexity differences between products. Accordingly, Applicant respectfully submits that Claim 19 is patentable over Morgan.

For at least the reasons set forth above, Claim 19 is submitted to be patentable over Morgan.

Claims 20-21, 24-27, 29, 30, 36, 37, and 40-45 depend, directly or indirectly, from independent Claim 19. When the recitations of Claims 20-21, 24-27, 29, 30, 36, 37, and 40-45 are considered in combination with the recitations of Claim 19, Applicant submits that dependent Claims 20-21, 24-27, 29, 30, 36, 37, and 40-45 likewise are patentable over Morgan.

Claim 46 recites a computer program embodied on a computer readable medium for allocating operating expenses to facilitate strategic decision making process that includes “a code segment that receives business information relating to at least one deal, a deal is a business transaction involving at least one product including at least one of a loan, a lease, a common equity, and a preferred equity...a code segment that allocates operating expenses to a business unit’ s processes based on the received business information...a code segment that computes an average deal cost...a code segment that calculates deal cost per product by adjusting the average deal cost to reflect complexity differences between products since each product tends to have a different level of complexity that drives different processes and costs...and a code segment that provides various management reports to track operating expenses by different categories to facilitate strategic decision making process and improve operational productivity.”

Morgan neither describes nor suggests a computer program for allocating operating expenses as recited in Claim 46. More specifically, Morgan neither describes nor suggests a computer program that includes a code segment that receives business information relating to at least one deal wherein a deal is a business transaction involving at least one product including at least one of a loan, a lease, a common equity, and a preferred equity, a code segment that computes an average deal cost, and a code segment that calculates deal cost per product by adjusting the average deal cost to reflect complexity differences between products since each product tends to have a different level of complexity that drives different processes and costs.

Rather, Morgan describes an automated activity-based management system that takes traditional accounting information, along with some additional business information provided by the user, and allocates the monetary cost or dollars to the activities performed (col. 4, lines 12-20). Morgan does not describe nor teach a computer program that includes a code segment that receives business information relating to at least one deal wherein a deal is a business transaction

involving at least one product including at least one of a loan, a lease, a common equity, and a preferred equity. Furthermore, Morgan neither describes nor teaches a code segment that computes an average deal cost, and a code segment that calculates deal cost per product by adjusting the average deal cost to reflect complexity differences between products. Accordingly, Applicant respectfully submits that Claim 46 is patentable over Morgan.

For at least the reasons set forth above, Claim 46 is submitted to be patentable over Morgan.

Claims 47-49, 51, and 53-56 depend, directly or indirectly, from independent Claim 46. When the recitations of Claims 47-49, 51, and 53-56 are considered in combination with the recitations of Claim 46, Applicant submits that dependent Claims 47-49, 51, and 53-56 likewise are patentable over Morgan.

For at least the reasons set forth above, Applicants respectfully request that the Section 102 rejection of Claims 1-3, 6-9, 11, 13, 16, 17, 19-21, 24-27, 29, 30, 36, 37, 40-45, 46-49, 51, 53, 54, 55, and 56 be withdrawn.

The rejection of Claims 4, 5, 22, and 23 under 35 U.S.C. § 103(a) as being unpatentable over Morgan et al. (U.S. Patent No. 5,799,286) (Morgan) in view of Rob Cross et al., *Activity-Based Costing in Commercial Lending: The Case of Signet Bank, Commercial Lending Review*, Fall 1997 (Cross) is respectfully traversed.

Applicant respectfully submits that neither Morgan nor Cross, considered alone or in combination, describe or suggest the claimed invention. More specifically, at least one of the differences between the claimed invention and the cited references is that neither Morgan nor Cross, considered alone or in combination, describe or suggest a method for allocating operating expenses to deal activity that includes computing an average deal cost, and calculating deal costs per product by adjusting the average deal cost to reflect complexity differences between products since each product tends to have a different level of complexity that drives different processes and costs.

Morgan is described above. Cross describes an activity-based costing (ABC) project implemented by Signet Bank in 1995. In 1995, Signet Bank began an ABC project to provide a framework for multiple views of profitability: by product, customer account, business unit, or any combination thereof. This kind of cost information enabled the managers of Signet bank to better understand how the bank delivered its products to the market. In addition to product changes, the cost information was useful for assessing customer relationships. According to Cross, there are four (4) steps to creating an ABC costing system: (1) define relevant activities; (2) perform time measurement studies; (3) analyze cost structure; and (4) determine volumes.

Claims 4 and 5 depend from independent Claim 1. Claim 1 recites a method for allocating operating expenses to deal activity that includes “receiving business information relating to at least one deal, a deal is a business transaction involving at least one product including at least one of a loan, a lease, a common equity, and a preferred equity...allocating operating expenses to a business unit’s processes based on the received business information...computing an average deal cost...calculating deal costs per product by adjusting the average deal cost to reflect complexity differences between products since each product tends to have a different level of complexity that drives different processes and costs...and providing various management reports to track operating expenses by different categories to facilitate strategic decision making processes and improve operational productivity.”

Neither Morgan nor Cross, considered alone or in combination, describe or suggest a method for allocating operating expenses as recited in Claim 1. More specifically, neither Morgan nor Cross, considered alone or in combination, describe or suggest a method for allocating operating expenses to deal activity that includes computing an average deal cost, and calculating deal costs per product by adjusting the average deal cost to reflect complexity differences between products since each product tends to have a different level of complexity that drives different processes and costs.

Rather, Morgan describes an automated activity-based management system that takes traditional accounting information, along with some additional business information provided by the user, and allocates the monetary cost or dollars to the activities performed; and Cross

describes an activity-based costing system that includes the steps of defining relevant activities, performing time measurement studies, analyzing cost structure, and determining volumes.

Although Morgan and Cross discuss activity based systems, neither Morgan nor Cross, considered alone or in combination, describe or teach allocating operating expenses to deal activity by computing an average deal cost, and calculating deal costs per product by adjusting the average deal cost to reflect complexity differences between products. Accordingly, Applicant respectfully submits that Claim 1 is patentable over Morgan in view of Cross.

Claim 4 has been cancelled. When the recitations of Claim 5 are considered in combination with the recitations of Claim 1, Applicant submits that dependent Claim 5 likewise is patentable over Morgan in view of Cross.

Claims 22 and 23 depend from independent Claim 19. Claim 19 recites a web-based system for allocating operating expenses that includes a server system configured to “receive business information relating to at least one deal, a deal is a business transaction involving at least one product including at least one of a loan, a lease, a common equity, and a preferred equity...allocate operating expenses to a business unit’s processes based on the received business information...compute an average deal cost...calculate deal cost per product by adjusting the average deal cost to reflect complexity differences between products...and provide various management reports to track operating expenses by different categories.”

Neither Morgan nor Cross, considered alone or in combination, describe or suggest a web-based system for allocating operating expenses as recited in Claim 19. More specifically, neither Morgan nor Cross, considered alone or in combination, describe or suggest a web-based system for allocating operating expenses that includes a server system configured to compute an average deal cost, and calculate deal cost per product by adjusting the average deal cost to reflect complexity differences between products.

Rather, Morgan describes an automated activity-based management system that takes traditional accounting information, along with some additional business information provided by the user, and allocates the monetary cost or dollars to the activities performed; and Cross

describes an activity-based costing system that includes the steps of defining relevant activities, performing time measurement studies, analyzing cost structure, and determining volumes.

Although Morgan and Cross discuss activity based systems, neither Morgan nor Cross, considered alone or in combination, describe or teach a server system configured to compute an average deal cost, and calculate deal cost per product by adjusting the average deal cost to reflect complexity differences between products. Accordingly, Applicant respectfully submits that Claim 19 is patentable over Morgan in view of Cross.

Claim 22 has been cancelled. When the recitations of Claim 23 are considered in combination with the recitations of Claim 19, Applicant submits that dependent Claim 23 likewise is patentable over Morgan in view of Cross.

Notwithstanding the above, the rejection of Claims 4, 5, 22, and 23 under 35 U.S.C. § 103(a) as being unpatentable over Morgan in view of Cross is further traversed on the grounds that the Section 103 rejection of the presently pending claims is not a proper rejection. Obviousness cannot be established by merely suggesting that it would have been obvious to one of ordinary skill in the art to modify Morgan using the teachings of Cross. More specifically, as is well established, obviousness cannot be established by combining the teachings of the cited art to produce the claimed invention, absent some teaching, suggestion, or incentive supporting the combination. It is impermissible to use the claimed invention as an instruction manual or "template" to piece together the teachings of the prior art so that the claimed invention is rendered obvious. Specifically, one cannot use hindsight reconstruction to pick and choose among isolated disclosures in the prior art to deprecate the claimed invention. Further, it is impermissible to pick and choose from any one reference only so much of it as will support a given position, to the exclusion of other parts necessary to the full appreciation of what such reference fairly suggests to one of ordinary skill in the art.

As the Federal Circuit has recognized, obviousness is not established merely by combining references having different individual elements of pending claims. Ex parte Levingood, 28 U.S.P.Q.2d 1300 (Bd. Pat. App. & Inter. 1993). MPEP 2143.01. Rather, there must be some suggestion, outside of Applicants' disclosure, in the prior art to combine such

references, and a reasonable expectation of success must be both found in the prior art, and not based on Applicants' disclosure. In re Vaeck, 20 U.S.P.Q.2d 1436 (Fed. Cir. 1991). In the present case, neither a suggestion or motivation to combine the prior art disclosures, nor any reasonable expectation of success has been shown.

Neither Morgan nor Cross, considered alone or in combination, describe or suggest the claimed combination. Rather, the present Section 103 rejection is based on a combination of teachings selected from multiple references in an attempt to arrive at the claimed invention. Specifically, Morgan teaches an automated activity-based management system that takes traditional accounting information, along with some additional business information provided by the user, and allocates the monetary cost or dollars to the activities performed. Cross teaches an activity-based costing system that includes the steps of defining relevant activities, performing time measurement studies, analyzing cost structure, and determining volumes. Since there is no teaching, suggestion or motivation for the combination of Morgan and Cross, the Section 103 rejection appears to be based on a hindsight reconstruction in which isolated disclosures have been picked and chosen in an attempt to deprecate the present invention. Of course, such a combination is impermissible, and for this reason alone, Applicant requests that the Section 103 rejection of Claims 4, 5, 22, and 23 be withdrawn.

For at least the reasons set forth above, Applicant respectfully requests that the rejection of Claims 4, 5, 22, and 23 be withdrawn.

The rejection of Claims 10, 12, 28, 31, 50, and 52 under 35 U.S.C. § 103(a) as being unpatentable over Morgan et al. (U.S. Patent No. 5,799,286) (Morgan) is respectfully traversed.

Applicant respectfully submits that Morgan does not describe nor suggest the claimed invention. As discussed above, at least one of the differences between Morgan and the present invention is that Morgan neither describes nor suggests a method for allocating operating expenses to deal activity that includes receiving business information relating to at least one deal wherein a deal is a business transaction involving at least one product including at least one of a loan, a lease, a common equity, and a preferred equity, computing an average deal cost, and

calculating deal costs per product by adjusting the average deal cost to reflect complexity differences between products since each product tends to have a different level of complexity that drives different processes and costs.

Morgan is described above. According to the Office Action, the Examiner has taken Official Notice that a voice activation feature and an HTML document format are both old and well known in the computer art (collectively referred to herein as “Official Notice”).

Claims 10 and 12 depend from independent Claim 1. Claim 1 recites a method for allocating operating expenses to deal activity that includes “receiving business information relating to at least one deal, a deal is a business transaction involving at least one product including at least one of a loan, a lease, a common equity, and a preferred equity...allocating operating expenses to a business unit’s processes based on the received business information...computing an average deal cost...calculating deal costs per product by adjusting the average deal cost to reflect complexity differences between products since each product tends to have a different level of complexity that drives different processes and costs...and providing various management reports to track operating expenses by different categories to facilitate strategic decision making processes and improve operational productivity.”

Neither Morgan nor Official Notice, considered alone or in combination, describe or suggest a method for allocating operating expenses to deal activity that includes receiving business information relating to at least one deal wherein a deal is a business transaction involving at least one product including at least one of a loan, a lease, a common equity, and a preferred equity. In fact, the Office Action at page 20 provides that Morgan fails to specifically teach the application of activity-based management in the financial industry. In other words, Morgan neither describes nor teaches receiving business information relating to at least one deal wherein a deal is a business transaction involving at least one product including at least one of a loan, a lease, a common equity, and a preferred equity.

Furthermore, neither Morgan nor Official Notice, considered alone or in combination, describe or suggest computing an average deal cost, and calculating deal costs per product by

adjusting the average deal cost to reflect complexity differences between products since each product tends to have a different level of complexity that drives different processes and costs. Rather, Morgan describes an automated activity-based management system that takes traditional accounting information, along with some additional business information provided by the user, and allocates the monetary cost or dollars to the activities performed. Accordingly, Applicant respectfully submits that Claim 1 is patentable over Morgan in view of Official Notice.

When the recitations of Claims 10 and 12 are considered in combination with the recitations of Claim 1, Applicant submits that dependent Claims 10 and 12 likewise are patentable over Morgan in view of Official Notice.

Claims 28 and 31 depend from independent Claim 19. Claim 19 recites a web-based system for allocating operating expenses that includes a server system configured to “receive business information relating to at least one deal, a deal is a business transaction involving at least one product including at least one of a loan, a lease, a common equity, and a preferred equity...allocate operating expenses to a business unit’s processes based on the received business information...compute an average deal cost...calculate deal cost per product by adjusting the average deal cost to reflect complexity differences between products...and provide various management reports to track operating expenses by different categories.”

Neither Morgan nor Official Notice, considered alone or in combination, describe or suggest a web-based system for allocating operating expenses that includes a server system configured to receive business information relating to at least one deal wherein a deal is a business transaction involving at least one product including at least one of a loan, a lease, a common equity, and a preferred equity, compute an average deal cost, and calculate deal cost per product by adjusting the average deal cost to reflect complexity differences between products.

Rather, Morgan describes an automated activity-based management system that takes traditional accounting information, along with some additional business information provided by the user, and allocates the monetary cost or dollars to the activities performed. Accordingly,

Applicant respectfully submits that Claim 19 is patentable over Morgan in view of Official Notice.

When the recitations of Claims 28 and 31 are considered in combination with the recitations of Claim 19, Applicant submits that dependent Claims 28 and 31 likewise are patentable over Morgan in view of Official Notice.

Claims 50 and 52 depend from independent Claim 46. Claim 46 recites a computer program that includes “a code segment that receives business information relating to at least one deal, a deal is a business transaction involving at least one product including at least one of a loan, a lease, a common equity, and a preferred equity...a code segment that allocates operating expenses to a business unit’ s processes based on the received business information...a code segment that computes an average deal cost...a code segment that calculates deal cost per product by adjusting the average deal cost to reflect complexity differences between products since each product tends to have a different level of complexity that drives different processes and costs...and a code segment that provides various management reports to track operating expenses by different categories to facilitate strategic decision making process and improve operational productivity.”

Neither Morgan nor Official Notice, considered alone or in combination, describe or suggest a computer program that includes a code segment that receives business information relating to at least one deal wherein a deal is a business transaction involving at least one product including at least one of a loan, a lease, a common equity, and a preferred equity, a code segment that computes an average deal cost, and a code segment that calculates deal cost per product by adjusting the average deal cost to reflect complexity differences between products since each product tends to have a different level of complexity that drives different processes and costs.

Rather, Morgan describes an automated activity-based management system that takes traditional accounting information, along with some additional business information provided by the user, and allocates the monetary cost or dollars to the activities performed. Accordingly,

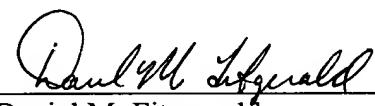
Applicant respectfully submits that Claim 46 is patentable over Morgan in view of Official Notice.

When the recitations of Claims 50 and 52 are considered in combination with the recitations of Claim 46, Applicant submits that dependent Claims 50 and 52 likewise are patentable over Morgan in view of Official Notice.

For at least the reasons set forth above, Applicant respectfully request that the Section 103 rejection of Claims 10, 12, 28, 31, 50 and 52 be withdrawn.

In view of the foregoing amendments and remarks, all the claims now active in the application are believed to be in condition for allowance. Reconsideration and favorable action is respectfully solicited.

Respectfully Submitted,

  
Daniel M. Fitzgerald  
Daniel M. Fitzgerald  
Registration No. 38,880  
ARMSTRONG TEASDALE LLP  
One Metropolitan Square, Suite 2600  
St. Louis, Missouri 63102-2740  
(314) 621-5070



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JUN 12 2003

17410-00007

PATENT

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Applicant: Cepeda : Art Unit: 3623  
Serial No.: 09/731,161 : Examiner: Michael C. Heck  
Filed: December 6, 2000 :  
For: SYSTEM AND METHOD FOR :  
ALLOCATING OPERATING :  
EXPENSES :  
:

**RECEIVED**

JUN 17 2003

**GROUP 3600**

**SUBMISSION OF MARKED UP PARAGRAPHS AND CLAIMS**

Hon. Commissioner for Patents  
P.O. Box 1450  
Alexandria, VA 22313-1450

Submitted herewith are marked up Paragraphs and Claims in accordance with 37 C.F.R. 1.121(b)(1)(ii) and 1.121(c)(1)(ii).

**IN THE SPECIFICATION**

Please replace the paragraph beginning on page 2, line 9, and ending on page 2, line 24, with the following replacement paragraph.

More specifically, the CAMS utilizes a web-based interactive database to automate the process for allocating operating expenses. The system includes a client system including a browser, a data storage device for storing information, and a server system configured to be coupled to the client system and the database. The system [is] receives business information, stores the business information, cross-references the business information against unique identifiers into a centralized database, updates the centralized database with revised business information, and provides various management reports that track operating expenses by various products and processes in response to an inquiry. The system captures all business information and provides on-line, up-to-date information upon a user request. In one exemplary embodiment, the system utilizes a Structured Query Language (SQL) server database with a

*a1*  
*Content*

client user interface front-end for administration and a web interface for standard user inputs and reports. The system includes a centralized database for use in automating documentation, monitoring and records retention activities associated with the operating expenses allocation, and the strategic decision making process.

Please replace the paragraph beginning on page 2, line 25, and ending on page 2, line 34, with the following replacement paragraph.

*a2*

In another embodiment, a method and a computer program for [allocate] allocating operating expenses to deal activity using a web-based system including a server system coupled to a centralized database and at least one client system. The method includes inputting business information, allocating operating expenses to a business unit's processes, computing an average deal cost, calculating deal costs per product by adjusting the average deal cost to reflect complexity differences between products since each product tends to have a different level of complexity that drives different processes and costs, and providing various management reports to track operating expenses by different categories to facilitate the strategic decision making process and improve operational productivity.

Please insert the following paragraph beginning on page 5, line 13.

*a3*

In the example embodiment, server system 12 is further configured to update database 20 instantaneously by accepting business information at least through one of a voice activation command and a device, for example a keyboard or mouse, connected to client system 14. Moreover, client system 14 is configured to send a query to server system 12 through at least one of a click of a mouse button and a voice command.

Please replace the paragraph beginning on page 9, line 22, and ending on page 10, line 13, with the following replacement paragraph.

*art*

Figure 5 is an exemplary embodiment of a user interface 370 identifying allocation of operating expenses to the business unit's processes and computation of an average deal cost. Figure 5 shows the cost allocation of the operating expenses to the Business Unit's processes.

The cost allocation of the operating expenses is a function of taking Time Allocation percentage per process 374 (i.e. time spent questionnaire sent to employees to estimate their total time spent by process as a percentage of total hours worked for a given time period) and multiplying it to the actual operating expense. For instance, in the example below, Transportation & Industrial (T&I) 320 (shown in Figure 4) spent \$27.2 million 380 in operating expenses for total year 1999. The operating expense represents the expenses related to all products (i.e. loans, lease, common equity, preferred equity, etc.) at all process levels (i.e. QL 334, PIC 336, Proposal Issue 338, Deal Awarded 340, DAM Held 342, and Closed 350). T&I 320 spent eighteen percent 384 of their time working on qualified leads. Therefore, it cost T&I 320, \$4.[8]9 million 388 in expenses to generate qualified leads. After computing the cost per process, CAMS 10 calculates the average deal cost per process. Continuing with the example, T&I 320 had two hundred sixty seven qualified leads 390 in 1999. The cost allocation model divides the \$4.[8]9 million 388 by two hundred sixty seven qualified leads 390 to determine the average cost of \$18,323 per qualified lead 394. In total, the average deal cost for division level 400 is \$259,423 for an average deal that is approved at the divisional level. CAMS 10 further computes that the average deal cost for a deal approved at the headquarter level 404 is \$259,276 and the average deal cost for a deal approved at the board of director's level 406 is \$303,590. After computing the average deal cost for division level 400, headquarter level 404, and board of director's level 406, the cost allocation model adjusts the average deal costs to reflect product differences in complexity and cost.

Please insert the following paragraph beginning on page 10, line 14.

In the example embodiment, the term "# of QL" as shown in Figure 5 may also be referred to in at least some reports as "Lead Generation" (e.g., Figs. 9 and 11). Additionally, the terms "# of PICs" and "# of Issued Proposals" as shown in Figure 5 may also be referred to in at least some reports as "PIC" and "Proposal Issue", respectively (e.g., Figs. 9 and 11). Also, the terms "# Awarded or Credit Request", "# of DAM Held", and "# Approved" as shown in Figure 5 may be referred to in at least some reports as "Underwrite", "Approval", and "Close", respectively (e.g., Figs. 9 and 11).

Please replace the paragraph beginning on page 10, line 14, and ending on page 10, line 22, with the following replacement paragraph.

*A6*

Figure 6 is an exemplary embodiment of a user interface 420 identifying a Product Complexity Index 424. Product Complexity Index 424 is an average cycle time 428 for each product 432 as a percent of a total business unit cycle time 434. For example, T&I average cycle time for a loan is Sixty-three days 440 from qualified lead to close. The average cycle time for total T&I is Seventy days 444. Therefore, complexity index 446 for a T&I loan is determined to be [89%] 90% (63 days divided by 70 days). After determining Product Complexity Index 424, the cost allocation model adjusts the average deal cost by multiplying the Product Complexity Index with the average deal costs.

Please replace the paragraph beginning on page 10, line 23, and ending on page 11, line 6, with the following replacement paragraph.

*A1*

Figure 7 is an exemplary embodiment of a user interface 460 depicting the overall adjustments to average deal cost based on Product complexity Index 424 (shown in Figure 6) for a loan product. T&I Loan Complexity Index 464 (also shown in Figure 6 as reference numeral 446) of [89%] 90% is multiplied with average cost by processes with the exception of qualified leads. For example, loan complexity index 464 is multiplied with average deal cost relating to PIC (shown in Figure 5) \$9,883, which results in an average deal cost of [\$8,796,470] \$8,895 (reference numeral 470) adjusted for PIC based on the complexity index. CAMS 10 first computes the adjusted average deal cost 480 for each step of the loan process and then computes the total adjusted average deal cost 484 for a loan by adding adjusted average deal cost 480 for each step of the process. Based on the computation, the total adjusted average deal cost 484 for a loan product is [\$234,405] \$236,648. Since the approval level also drives different costs, a loan that requires Divisional Approval 490 costs [\$232,902] \$235,313, business entity's Headquarter Approval 492 costs [\$232,771] \$235,180, and Board Approval 494 costs [\$272,210] \$275,063, respectively. User interface 460 further identifies the breakdown of all deals at each process step. For example, T&I had seventy-one qualified leads 500 out of which nineteen leads were

A1  
cont'd  
terminated 504, leaving fifty-two leads 506 at PIC level. As shown, out of seventy-one qualified leads 500, thirty-four deals reached DAM Held 510 requiring divisional approval.

Please replace the paragraph beginning on page 11, line 7, and ending on page 11, line 20, with the following replacement paragraph.

Figure 8 is an exemplary embodiment of a user interface 520 providing a breakdown of costs for a given product (i.e. loan) for each of the separate process steps. The cost allocation model computes total costs 524 for all products by process 530. The cost allocation model multiplies average product deal cost for each process step 540 (QL, PIC, Issued Proposal, Award, and DAM Held) by number of deals (shown in Figure 7). For instance, T&I had thirty-four deals that reached DAM Held 510 (shown in Figure 7) that required divisional approval. The cost allocation model determined a [\$719,639] \$727,724 cost for divisional level 546 by multiplying thirty-four DAM Held deals 510 (shown in Figure 7) by the average product/process cost of [\$21,166] \$21,404 (shown in Figure 7). Total costs 524 for T&I Loans as developed by cost allocation model is \$13.[8]9 million 548. The cost allocation model further determines and displays a Unit Cost per Close Deal 560, a Total Cost Close Deal 562, Total Costs [per] for Close Deals 564, Total Costs for Dead Deals 566, Total Costs 568, Dead Deals as a Percentage of Total Costs 570 and Hit Rates 572.

Please replace the paragraph beginning on page 11, line 21, and ending on page 11, line 24, with the following replacement paragraph.

X9  
Figures 9 through 11 are exemplary embodiments of management reports generated by CAMS 10. These[s] reports summarize the activity costs by product and process for each Business Unit. The reports are useful for management to make strategic decisions. The reports may be printed in a plurality of formats including a plurality of the data displayed within the reports.

IN THE CLAIMS

Please cancel Claims 4 and 22.

1. (once amended) A method for allocating operating expenses to deal activity using a network-based system including a server system coupled to a centralized database and at least one client system, said method comprising the steps of:

*X10*  
*B6*  
receiving business information relating to at least one deal, a deal is a business transaction involving at least one product including at least one of a loan, a lease, a common equity, and a preferred equity;

allocating operating expenses to a business unit's processes based on the received business information;

computing an average deal cost;

calculating deal costs per product by adjusting the average deal cost to reflect complexity differences between products since each product tends to have a different level of complexity that drives different processes and costs; and

providing various management reports to track operating expenses by different categories to facilitate strategic decision making processes and improve operational productivity.

17. (once amended) A method for allocating operating expenses to deal activity based on various data inputs to determine operations productivity, product pricing, and strategic decision making, said method comprising the steps of:

*X10*  
*B6*  
receiving business information relating to at least one deal, a deal is a business transaction involving at least one product including at least one of a loan, a lease, a common equity, and a preferred equity, business information further [which] includes [at least one of] at least one of a Number of Deals for a Specific Financial Reporting Period, Time spent per process as a percentage of Total Year, Deal Activity Segmentation Factors, Operating Expenses by a

Business Unit, and an Average Cycle Time from Qualified Lead to Close in Days by Business Unit by Product Name;

*B5*  
*Att Contd*  
allocating operating expenses to a business unit's processes based on the received business information;

computing an average deal cost;

calculating deal costs per product by adjusting the average deal cost to reflect complexity differences between products since each product tends to have a different level of complexity that drives different processes and costs; and

providing various management reports to track operating expenses by different categories to facilitate strategic decision making processes.

---

19. (once amended) A web-based system for allocating operating expenses utilizing a cost allocation model, said system comprising:

*A2*  
*B5*  
a client system comprising a browser;

a data storage device for storing information;

a server system configured to be coupled to said client system and said database, said server system further configured to:

receive business information relating to at least one deal, a deal is a business transaction involving at least one product including at least one of a loan, a lease, a common equity, and a preferred equity;

allocate operating expenses to a business unit's processes based on the received business information;

compute an average deal cost;

*A22*  
*Original*  
*BS*

calculate deal cost per product by adjusting the average deal cost to reflect complexity

differences between products; and

provide various management reports to track operating expenses by different categories.

46. (once amended) A computer program embodied on a computer readable medium for allocating operating expenses to facilitate strategic decision making process, comprising:

*Subj*  
*X3*  
*BS*

a code segment that receives business information relating to at least one deal, a deal is a business transaction involving at least one product including at least one of a loan, a lease, a common equity, and a preferred equity;

a code segment that allocates operating expenses to a business unit's processes based on the received business information;

a code segment that computes an average deal cost;

a code segment that calculates deal cost per product by adjusting the average deal cost to reflect complexity differences between products since each product tends to have a different level of complexity that drives different processes and costs; and

a code segment that provides various management reports to track operating expenses by different categories to facilitate strategic decision making process and improve operational productivity.

Respectfully Submitted,

*Daniel M. Fitzgerald*

Daniel M. Fitzgerald

Registration No. 38,880

ARMSTRONG TEASDALE LLP

One Metropolitan Square, Suite 2600

St. Louis, Missouri 63102-2740

(314) 621-5070

3/12

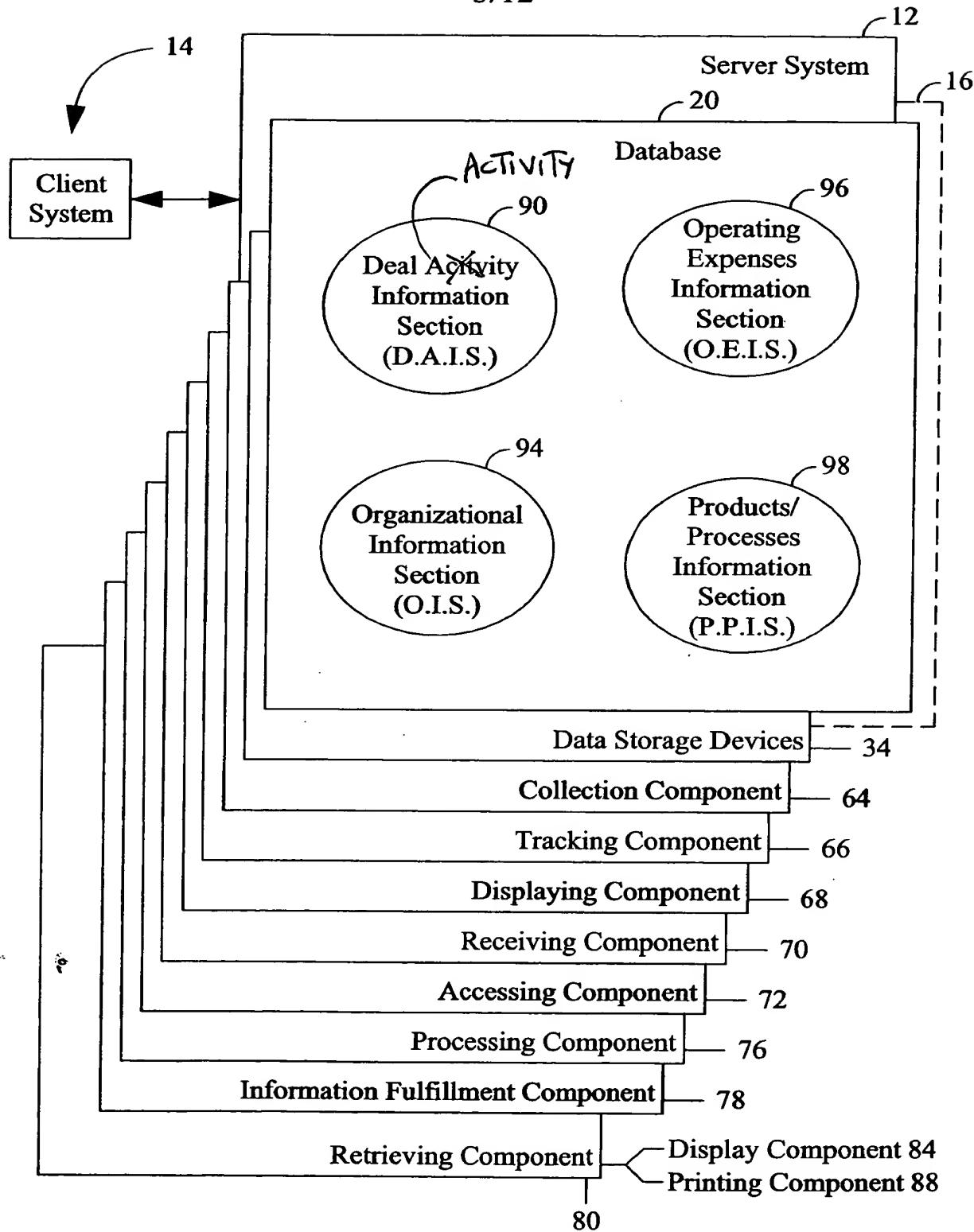


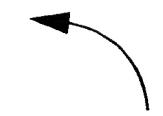
FIG. 3



5/12

370

390      374      388      394



	HQ Level	Board Level	Division Level	Total	Time Allocation %	Weighted Cost/Process	Average Unit Cost
# of QL	84	47	136	267	18%	\$ 4,892,265	\$ 18,323
Lead and Terminated	23	23	56	102			
# of PICs	61	24	80	165	6%	\$ 1,630,755	\$ 9,883
PIC and Terminated	28	8	16	52			
# of Issued Proposals	33	16	64	113	18%	\$ 4,892,265	\$ 43,294
Issued and Terminated	7	8	11	26			
# Awarded or Credit Request	26	8	53	87	34%	\$ 9,240,945	\$ 106,218
Awarded and Terminated	3	0	4	7			
# of DAM Held	23	8	49	80	7%	\$ 1,902,547	\$ 38,827
HQ Approval				23	2%	\$ 543,585	\$ 23,634
BOD Approval				8	2%	\$ 543,585	\$ 67,948
DAM and Terminated	5	2	12	19			
# Approved	18	6	37	61	13%	\$ 3,533,302	\$ 57,923
Approved and Terminated	7	2	8	17			
Close	11	4	29	44	100%	DIV Deals	\$ 259,423
I/T&I '99 Activity Allocation						HQ Deals	\$ 259,278
						BOD Deals	\$ 303,590
TOTAL							\$ 27,179,249

TOTAL			\$ 27,179,249
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406  
404  
400

380

FIG. 5

259,276



6/12

Loans CYCLE			
Average Cycle Time			
T&I	63	73	80
440	89%	84%	80%
446	90%	79%	79%

Lease CYCLE			
Average Cycle Time			
T&I	107	64	210
440	152%	74%	208%
446	153%		

Common Equity			
Average Cycle Time			
T&I	53	88	84
440	75%	101%	84%
446	76%		83%

Equity CYCLE			
Average Cycle Time			
T&I	71	148	122
440	101%	170%	121%
446			

Total Business Unit CYCLE			
Average Cycle Time			
T&I	70	87	101
440	100%	100%	100%
446			

FIG. 6



7/12

Complexity Index (QL-CL Cycle)      Loan

90%  
89% — 464

← 460

	HQ Level	Board Level	Division Level	Loan Total
# of QL	43	10	71	124
Lead and Terminated	8	2	19	29
# of PICs	35	8	52	95
PIC and Terminated	17	4	11	32
# of Issued Proposals	18	4	41	63
Issued and Terminated	2	2	5	9
# Awarded or Credit Request	16	2	36	54
Awarded and Terminated	1	0	2	3
# of DAM Held	15	2	34	51
DAM and Terminated	3	1	9	13
# Approved	12	1	25	38
Approved and Terminated	4	0	5	9
Close	8	1	20	29

# of QL	\$ 18,323	\$ 18,323	\$ 18,323	\$ 18,323
Lead and Terminated	\$ 8,796	\$ 8,796	\$ 8,796	\$ 8,796
# of PICs	\$ 38,532	\$ 38,532	\$ 38,532	\$ 38,532
PIC and Terminated	\$ 94,534	\$ 94,534	\$ 94,534	\$ 94,534
# of Issued Proposals	\$ 21,034	\$ 60,474	\$ 21,165	\$ 22,669
Issued and Terminated	\$ 21,271	\$ 61,153	\$ 21,404	\$ 22,739
# Awarded or Credit Request	\$ 51,554	\$ 51,554	\$ 51,554	\$ 51,554
Awarded and Terminated	\$ 232,774	\$ 272,210	\$ 232,902	\$ 234,405
# of DAM Held	\$ 492	\$ 494	\$ 490	\$ 484
DAM and Terminated	\$ 235,180	\$ 275,063	\$ 235,313	\$ 236,648
# Approved				
Approved and Terminated				
Close				

492

FIG. 7

494

490

484

480

52,131



8/12

540

Loan

520

	HQ Level	Board Level	Division Level	Total Costs	Loan
# of QL	\$ 787,893	\$ 183,231	\$ 1,300,939	\$ 2,272,063	
# of PICs	\$ 311,326	\$ 74160	\$ 462,541	\$ 845,028	546
# of Issued Proposals	\$ 307,867	\$ 740,370	\$ 457,402	\$ 835,638	
# Awarded or Credit Request	\$ 701,369	\$ 155,860	\$ 1,597,563	\$ 2,427,516	540
# of DAM Held	\$ 1,529,536	\$ 191,912	\$ 3,441,455	\$ 5,162,163	
# Approved	\$ 1,512,544	\$ 489,068	\$ 3,403,247	\$ 5,104,825	530
Total Costs	\$ 319,061	\$ 122,307	\$ 727,724	\$ 1,161,092	
Unit Cost per Close Deal	\$ 315,516	\$ 420,948	\$ 749,639	\$ 1,156,102	524
Total Cost per Close Deal	\$ 625,568	\$ 52,131	\$ 1,303,267	\$ 1,980,966	
Total Costs:	\$ 618,618	\$ 54,554	\$ 1,288,787	\$ 1,958,956	560
Close Deals	\$ 235,109	\$ 275,063	\$ 235,313	\$ 236,648	564
Dead Deals	\$ 232,771	\$ 272,210	\$ 232,902	\$ 234,222	566
Total Costs	\$ 529,501	\$ 775,880	\$ 437,490	\$ 474,344	568
Dead deals % of Total Costs	\$ 1,881,444	\$ 275,063	\$ 470,260	\$ 6,862,803	570
Hit Rates (DAM Held to Close)	\$ 1,862,167	\$ 272,210	\$ 4,638,048	\$ 6,793,425	572
	\$ 2,373,843	\$ 497,085	\$ 4,094,748	\$ 6,962,675	
	\$ 4,236,010	\$ 775,880	\$ 8,749,795	\$ 13,884,123	
	\$ 4,236,010	\$ 769,295	\$ 8,749,795	\$ 13,755,100	
	\$ 4,236,010	\$ 769,295	\$ 8,749,795	\$ 13,755,100	
	\$ 500,817	\$ 4,127,223	\$ 7,021,320		

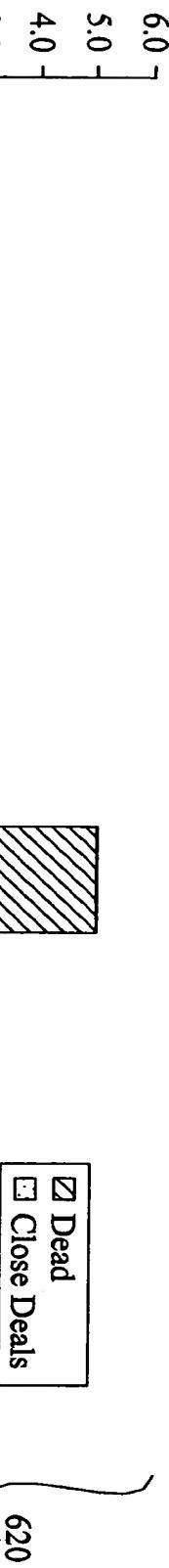
FIG. 8

4,574,752

2,393,309

1999 T&I Operating Cost for Loans by Process

580



9/12  
(\$ in MM)      584 ~ Close Deals      588 ~ Dead      582 ~ Total Costs      610 ~ Dead Deals % of Sub-TC      612 ~ Close Deal Unit Cost      614 ~ TC per Close Deal

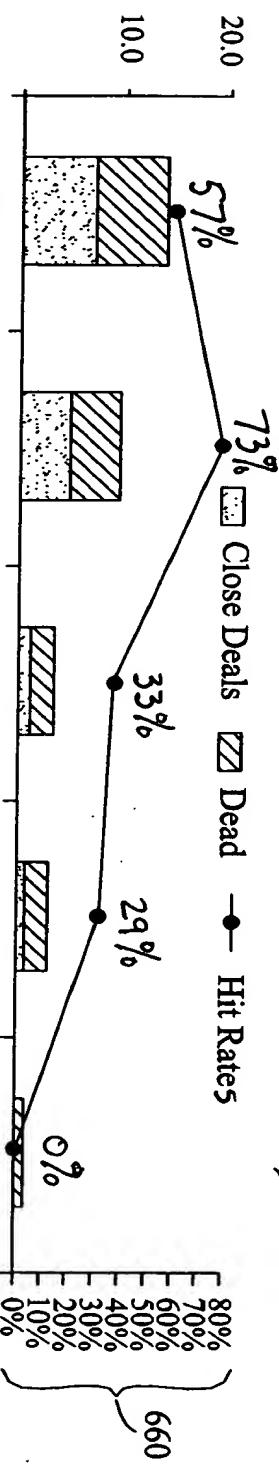
	Lead Generation	PIC	Proposal Issue	Underwrite	Approval	Close
Sub-TC	~ 590	0.5	0.3	0.6	0.5	0.5
Cost	2.3	0.8	1.1	1.3	2.5	2.8
%	77%	69%	2.5	54%	46%	44%
\$	18,323	8,895	38,965	95,596	22,739	52,131
		\$ 6,796	\$ 38,532	\$ 94,534	\$ 22,669	\$ 51,551
Total	590	592	594	596	598	600
Total Costs	5.0	7.0	13.9	13.9	13.9	13.9
	51%	51%	51%	51%	51%	51%
	\$ 234,405	\$ 234,405	\$ 234,405	\$ 234,405	\$ 234,405	\$ 234,405
	\$ 236,648	\$ 236,648	\$ 236,648	\$ 236,648	\$ 236,648	\$ 236,648
	\$ 474,314	\$ 474,314	\$ 474,314	\$ 474,314	\$ 474,314	\$ 474,314
	\$ 478,763	\$ 478,763	\$ 478,763	\$ 478,763	\$ 478,763	\$ 478,763

FIG. 9



1999 T&I Operating Cost by Product

630



	(\$ in MM)	Loans	Leases	Equity	Common Equity	Multi-Products	Total
10/12 Close Deal	\$ 6.9	\$ 6.8	\$ 4.4	\$ 0.5	\$ 0.4	\$ -	\$ 12.1
Dead Deal Costs	7.0	4.5	1.6	1.3	0.5	-	15.0
<b>Total Costs</b>	<b>\$ 13.9</b>	<b>\$ 9.0</b>	<b>\$ 2.2</b>	<b>\$ 1.7</b>	<b>\$ 0.5</b>	<b>\$ 27.1</b>	
650 Dead Deals % of Sub-TC	51%	51%	76%	76%	100%	-	55%
652 Hit Rate (DAM to Close)	57%	73%	33%	29%	0%	-	55%
654 Close Deal Unit Cost	\$ 234,222	\$ 403,064	\$ 261,834	\$ 199,093	#DIV/0!	\$ 276,090	
656 TC per Close Deal	\$ 474,314	\$ 645,315	\$ 1,083,511	\$ 840,785	#DIV/0!	\$ 615,896	
	\$ 478,763	\$ 815,315					

FIG. 10



1999 T&I Operating Cost for All Products by Process

600



11/12

	(\$ in MM)	684	688	682	Total Costs	710	Dead Deals % of Sub-TC	712	Close Deal Unit Cost	714	T C per Close Deal
Lead Generation	~690	0.8	4.1	4.9	84%	\$ 18,323	\$ 111,188				
PIC	~692	0.4	1.2	1.7	73%	\$ 10,210	\$ 38,287				
Proposal Issue	~694	2.0	3.2	5.2	61%	\$ 46,183	\$ 46,163	\$ 118,607			
Underwrite	~696	4.7	4.6	9.4	49%	\$ 107,707	\$ 212,967				
Approval	~698	1.3	1.0	2.3	45%	\$ 28,631	\$ 52,057				
Close	~700	2.6	1.0	3.6	28%	\$ 59,718	\$ 82,790				
Total Costs		11.9	15.2	27.1	56%	\$ 270,772	\$ 515,898				
											615,896



FIG. 11